

VIA: _____

Dispatch No. _____

Message No. 77

SECRET

CLASSIFICATION

To : Chief, MS

Date: _____

From : Chief of Mission, Frankfurt

Subject: ~~Current~~ Operational Reports/CALL/JAGORY
~~Current~~ Transmittal of ~~Banking~~ Protocols

Report thru the attachment as transmitted to _____
 case officer for submitted it for shipment to ad with the following comments:

"The attachment consists of the transcripts of two addresses made by Economics Minister Ludwig Erhard before the Foreign Trade Committee of the Bundestag on 2 September 1954. The currency and credit Committee on 2 September 1954. They are of interest in view of the recent clash of opinions on financial matters between Erhard and Finance Minister Fritz Lohndorff. The first speech is almost entirely devoted to financial matters, especially to the convertibility of German currency. Erhard defends his criticism of the German Government's position and rejects the accusations leveled against him that he was planning to undermine that organization. He discusses in considerable detail his opinions of the report of the Marshall Committee and gives the Committee a report on his conversations with British Finance experts on the occasion of his visit to the U.S. and the U.K. in 1953. In the second speech he takes issue with Lohndorff's tax reform law, giving in detail his objections thereto and calling for a drastic downward revision of the German tax structure. Both speeches reject or give a fairly accurate account of Erhard's economic and financial policies which have not elsewhere been published with the same candor. Since it is very likely that the differences of opinion between Lohndorff and Erhard may in the near future lead to a serious policy dispute in the Government, since the two are diametrically opposed and the Government cannot follow both their opinions, these two speeches are considered of interest."

Distribution
 3-12 (u/att.)

11 April 1954
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